A & S GROUP (HOLDINGS) LIMITED
亞洲實業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1737)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$418.1 million for the year ended 31 March 2020, representing a decrease of approximately 6.6% as compared with approximately HK$447.6 million for the year ended 31 March 2019.

- Gross profit decreased from approximately HK$46.7 million for the year ended 31 March 2019 to approximately HK$40.9 million for the year ended 31 March 2020.

- Gross profit margin decreased from approximately 10.4% for the year ended 31 March 2019 to approximately 9.8% for the year ended 31 March 2020.

- Loss attributable to the owners of the Company was approximately HK$8.9 million for the year ended 31 March 2020 as compared to a profit of approximately HK$0.5 million for the year ended 31 March 2019.

- Loss per share was approximately HK0.89 cents for the year ended 31 March 2020 as compared to earnings per share of approximately HK0.05 cents for the year ended 31 March 2019.

- The Board does not recommend the payment of any dividend for the year ended 31 March 2020.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of A & S Group (Holdings) Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020 (the "**FY2020**"), together with the comparative figures for the year ended 31 March 2019 (the "**FY2019**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**418,123**	447,556
Direct costs		**(377,241)**	(400,829)
Gross profit		**40,882**	46,727
Other income and gains	*4*	**8,286**	3,992
Administrative and other operating expenses		**(50,750)**	(48,616)
Provision for loss allowance on trade receivables		**(120)**	(687)
Operating (loss)/profit		**(1,702)**	1,416
Finance costs	*6*	**(7,150)**	(815)
(Loss)/profit before tax	*5*	**(8,852)**	601
Income tax expense	*7*	**–**	(133)
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company		**(8,852)**	468
Basic and diluted (loss)/earnings per share	*8*	**HK(0.89) cents**	HK0.05 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**13,107**	12,008
Right-of-use assets	*10*	**79,333**	–
Club membership		**869**	869
		93,309	12,877
Current assets			
Trade receivables	*11*	**101,170**	100,574
Other receivables, deposits and prepayments		**23,068**	20,186
Amounts due from related companies		**35**	35
Pledged deposit		**3,011**	3,004
Cash and bank balances		**90,286**	89,546
Tax recoverable		**367**	3,656
		217,937	217,001
Total assets		**311,246**	229,878
EQUITY			
Capital and reserves			
Share capital		**10,000**	10,000
Reserves		**169,868**	178,720
Total equity		**179,868**	188,720

	Notes	**2020** *HK$'000*	2019 *HK$'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities	*10*	**47,475**	–
Deferred tax liabilities		**560**	560
		48,035	560
Current liabilities			
Trade payables	*12*	**9,105**	9,127
Accruals and other payables	*12*	**24,335**	20,200
Bank borrowings		**15,513**	11,271
Lease liabilities	*10*	**34,390**	–
		83,343	40,598
Total liabilities		**131,378**	41,158
Total equity and liabilities		**311,246**	229,878
Net current assets		**134,594**	176,403
Total assets less current liabilities		**227,903**	189,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 7 July 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 14 March 2018 (the "**Listing Date**"). Its parent and ultimate holding company is Dynamic Victor Limited, a company incorporated in the Republic of Seychelles (the "**Seychelle**s") and owned as to 60% by Mr. Law Kwok Leung Alex, 30% by Mr. Law Kwok Ho Simon and 10% by Mr. Chiu Tat Ting Albert (collectively referred to as the "**Controlling Shareholders**").

The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Room 11, 14th Floor, Tower 2, Ever Gain Plaza, 88 Container Port Road, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company. All values are rounded to nearest thousand ("**HK$'000**") except when otherwise indicated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following new standards and amendments for the first time for its annual reporting period commencing 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 is disclosed in Note 2.2 below. The other newly effective standards, amendments and interpretation to existing standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New Standards, amendments and interpretations of HKFRSs not yet adopted

Certain new and amended standards and framework have been published that are not mandatory for financial year beginning on 1 April 2019 and have not been early adopted by the Group:

		Effective for the accounting periods beginning on or after
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKFRS 17	Insurance Contract	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions	1 June 2020
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform	1 January 2020

The Group's management assessed that there are no new and amended standards and framework that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS16 are therefore recognised in the opening statement of financial position on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 7.85%.

(a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019;

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and

- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made in applying HKAS 17 Leases and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(b) Measurement of lease liabilities

	2020
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	**106,965**
Less: Short-term leases to be recognised on a straight-line basis as expenses	**(7,835)**
	99,130
Discounted using the lessee's incremental borrowing rate at the date of initial application, representing additional lease liabilities recognised as at 1 April 2019	**91,013**
Of which are:	
Current lease liabilities	**25,632**
Non-current lease liabilities	**65,381**
	91,013

(c) Measurement of right-of-use assets

As a lessee, the Group mainly leases office premises and forklifts, warehouse and loading bay. The right-of-use assets (recognised under the same caption of assets they are being used for) were measured at the amount equal to the respective lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

(d) Adjustments recognised in statement of financial position on 1 April 2019

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

	31 March 2019 (As originally presented)	**HKFRS 16**	**1 April 2019 (Restated)**
Non-current assets			
Right-of-use assets	–	91,702	91,702
Non-current liabilities			
Lease liabilities	–	25,632	25,632
Current liabilities			
Lease liabilities	–	65,381	65,381
Provision for reinstatement cost	–	689	689

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers and recognised over time:		
Air freight forwarding ground handling services	**218,996**	233,276
Air cargo terminal operating services	**199,127**	214,280
	418,123	447,556

Segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors regard the Group's business as a single operating segment and review consolidated financial statements accordingly. Also, all of the Group's revenue during the years ended 31 March 2020 and 2019 are derived from Hong Kong, the place of domicile of the Group's operating subsidiary. Therefore, no segment information is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**199,127**	214,280
Customer B[1]	**163,770**	175,592

[1] The above customer represents a collective of companies within a group.

4 OTHER INCOME AND GAINS

Other income and gains recognised during the year are as follows:

	2020	2019
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**1,113**	711
Gain on disposal of property, plant and equipment	**–**	223
Income from sale of scrap materials	**380**	824
Management fee income	**1,553**	–
Others	**5,240**	2,234
	8,286	3,992

5 (LOSS)/PROFIT BEFORE TAX

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before tax has been arrived at after charging:		
Included in direct costs:		
Direct labour costs	**114,514**	116,719
Dispatched labour costs	**166,902**	183,428
Costs of packaging materials	**6,017**	9,143
Depreciation of property, plant and equipment	**3,640**	3,657
Depreciation of right-of-use assets	**31,760**	–
Operating lease payments previously classified as operating leases under HKAS 17		
– Car parking spaces	**–**	1,392
– Warehouses and loading bay	**–**	38,671
– Forklifts	**–**	11,205
Expense relating to short-term leases not included in the measurement of lease liabilities		
– Car parking spaces	**1,374**	–
– Warehouses and loading bay	**2,660**	–
– Forklifts	**6,770**	–
Included in administrative and other operating expenses:		
Auditors' remuneration		
– Audit services	**1,000**	1,000
– Non-audit services	**–**	–
Depreciation of property, plant and equipment	**3,296**	2,504
Loss on disposal of property, plant and equipment	**242**	–
Provision for loss allowance of trade receivables	**120**	687
Operating lease payments previously classified as operating leases under HKAS 17		
– Office premises	**–**	360
Expense relating to short-term leases not included in the measurement of lease liabilities		
– Office premises	**360**	–
Staff costs, including directors' and chief executive officer's emoluments	**15,274**	14,282

6 FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on lease liabilities	**6,842**	–
Interest on bank borrowings	**308**	815
	7,150	815

7 INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Hong Kong profits tax:		
– Current income tax	**–**	348
– Overprovision in prior periods	**–**	(1)
Deferred income tax	**–**	(214)
Income tax expense	**–**	133

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

8 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

	2020	2019
(Loss)/profit attributable to owners of the Company (HK$'000)	**(8,852)**	468
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (in thousand)	**1,000,000**	1,000,000
Basic (loss)/earnings per share (HK cents)	**(0.89)**	0.05

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2020 and 2019.

9 DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended 31 March 2020 (2019: Nil), nor has any dividend been proposed since the end of the reporting period.

10 LEASES

This note provides information for leases where the Group is a lessee.

Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 March 2020	1 April 2019*
	HK$'000	*HK$'000*
Right-of-use assets		
Warehouses and loading bay	**62,974**	91,426
Equipment	**16,359**	276
	79,333	91,702
Lease liabilities		
Current	**34,390**	25,632
Non-current	**47,475**	65,381
	81,865	91,013

* For adjustments recognised on adoption of HKFRS 16 on 1 April 2019, please refer to Note 2.2.

11 TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**103,637**	102,921
Less: Loss allowance	**(2,467)**	(2,347)
	101,170	100,574

The credit period granted to customers is 30 to 60 days from invoice date generally. Trade receivables are denominated in HK$. The Group does not hold any collateral as security.

The ageing analysis of the trade receivables, net of loss allowance, based on invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0-30 days	**34,647**	40,291
31-60 days	**58,161**	52,109
61-90 days	**2,273**	9,658
Over 90 days	**8,556**	863
	103,637	102,921
Less: Loss allowance	**(2,467)**	(2,347)
	101,170	100,574

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 March 2020, a provision of approximately HK$2,467,000 (2019: HK$2,347,000) was made against the gross amount of trade receivables.

Movements on loss allowance of receivables are as follows:

	Lifetime ECL (not credit-impaired) ***HK$'000***
At 31 March 2018	–
Adjustment on application of HKFRS 9	1,660
Adjusted at 1 April 2018	1,660
Increase in loss allowance recognised in profit or loss	687
At 31 March 2019 and 1 April 2019	2,347
Increase in loss allowance recognised on profit or loss	120
At 31 March 2020	2,467

12 TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**9,105**	9,127
Accruals and other payables	**20,896**	18,050
Provision for reinstatement cost	**689**	–
Deposits received	**2,750**	2,150
	33,440	29,327

Payment terms granted by suppliers are generally 7 to 60 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**6,972**	5,192
31–60 days	**2,133**	1,115
61–90 days	**–**	455
Over 90 days	**–**	2,365
	9,105	9,127

As at 31 March 2020, included in trade payables was approximately HK$672,000 and HK$117,000 (2019: HK$3,366,000 and HK$141,000) payable to related companies, Gobo Trade Limited and Hung Kee Body Building Factory Limited, respectively.

All trade and other payables are denominated in HK$.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

As an established air freight forwarding ground handling services provider and air cargo terminal operating services provider in Hong Kong, the Group continues to provide services to customers including global logistics companies and major freight forwarding agents in FY2020.

To against the challenges brought by the trade tensions between United States of America (the "**US**") the People's Republic of China (the "**PRC**") and outbreak of the novel coronavirus ("**COVID-19**"), the Group is adopting flexible approaches in business operation and closely monitoring the market situation for timely action.

In FY2020, being affected by the decrease in overall cargo volume proceeds and relatively high labour cost, the Group had a moderate operation and financial performance. Looking ahead, to mitigate the possible negative impact of the trade tensions between the US and the PRC, the Group will execute cost control measures strategically.

Besides, it will actively seek for new opportunities. In view of the effective control of COVID-19 in mainland China and Hong Kong, the management believes that the demand of transport, including air cargo, ground transportation and warehousing services will resume soon. To meet the demand as expected, the Group will prepare for the resumption and keep improving the quality of its services, acquiring new customers, as well as upgrading its existing facilities and seize the opportunities arising from the rapid development of e-commerce so as to facilitate the long-term growth of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 6.6% from approximately HK$447.6 million for the FY2019 to approximately HK$418.1 million for the FY2020. Such decrease was mainly driven by the decrease in overall cargo volume processed for both air freight forwarding ground handling services and air cargo terminal operating services, which possibly due to the continuance of trade war between the US and the PRC.

Gross profit and gross profit margin

Gross profit decreased by approximately 12.4% from approximately HK$46.7 million for the FY2019 to approximately HK$40.9 million for the FY2020. Such decrease was primarily resulted from the decrease in revenue. The Group's gross profit margin for the FY2020 was approximately 9.8%, representing a decrease of approximately 0.6% as compared to approximately 10.4% for the FY2019.

Other income and gains

Other income and gains mainly comprised of bank interest income, income from sale of scrap materials, management fee income and other miscellaneous income. Other income and gains increased from approximately HK$4.0 million for the FY2019 to approximately HK$8.3 million for the FY2020.

Administrative and other operating expenses

Administrative and other operating expenses slightly increased by approximately 4.5% from approximately HK$48.6 million for the FY2019 to approximately HK$50.8 million for the FY2020, which was mainly attributable to the warehouse relocation expenses and additional security personnel expenses for X-ray cargo inspection equipment.

Finance costs

Finance costs increased from approximately HK$0.8 million for the FY2019 to approximately HK$7.2 million for the FY2020, mainly due to the recognition of the interest elements of the lease liabilities following the adoption of the HKFRS 16.

(Loss)/profit and total comprehensive (expense)/income for the year

As a result of the foregoing, the Group recorded a loss and total comprehensive expense attributable to owners of the Company of approximately HK$8.9 million for the FY2020 as compared to a profit of approximately HK$0.5 million for the FY2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2020, the Group had net current assets of approximately HK$134.6 million (31 March 2019: HK$ 176.4 million), cash and bank balances of approximately HK$90.3 million (31 March 2019: HK$89.5 million) and pledged bank deposit with original maturity over three months of approximately HK$3.0 million (31 March 2019: HK$3.0 million). As at 31 March 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK$179.9 million (31 March 2019: HK$188.7 million), and the Group's total debt comprising bank borrowings and lease liabilities amounted to approximately HK$97.4 million (31 March 2019: HK$11.3 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL STRUCTURE

The Group's shares were successfully listed on the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since the Listing Date and up to date of this announcement. The capital of the Group only comprised of ordinary shares.

GEARING RATIO

As at 31 March 2020, the gearing ratio (calculated on the basis of total bank borrowings and lease liabilities divided by total equity of the Group was approximately 54.1% (31 March 2019: 6.0%). The increase in gearing ratio was mainly due to the increase in lease liabilities for the right-of-use assets recognised under HKFRS 16 in the current period.

COMMITMENTS

As at 31 March 2020, the Group did not have any material capital commitments (31 March 2019: Nil).

As at 31 March 2020, the Group's operating lease commitments were approximately HK$0.8 million (31 March 2019: HK$107.0 million).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liability (31 March 2019: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2020, the Group employed 427 employees (31 March 2019: 465 employees). Remuneration packages are generally structured to market terms, individual qualifications and experience. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the year ended 31 March 2020 amounted to approximately HK$129.8 million (31 March 2019: HK$131.0 million).

CHARGE ON GROUP ASSETS

Certain cash deposits of the Group of approximately HK$3.0 million as at 31 March 2020 and 31 March 2019 are charged to the bank to secure general banking facilities.

FOREIGN EXCHANGE EXPOSURE

The Group is currently not exposed to any material foreign exchange risks as most of the monetary assets and liabilities are denominated in Hong Kong dollars. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of any future growth opportunities.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in Note 3 to this announcement.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries and affiliated companies for the FY2020. There is no other plan for material investments or capital assets as at 31 March 2020.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the FY2020 (the FY2019: Nil).

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 28 February 2018 (the "**Prospectus**") with the Group's actual business progress for the period from the Listing Date to 31 March 2020 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2020 as stated in the Prospectus	Actual business progress up to 31 March 2020
Setting up of new warehouse premises	– Rental deposit of new warehouse premises in Tuen Mun of around 130,000 sq. ft. – Fitting out and renovation of new warehouse premises – Installation of CCTV system, access control system and burglar alarm system – Installation of cargo storage and forklift operation systems in the new warehouse premises – Installation of RFID applications in the various storage locations in the new warehouses premises for cargo in and out segregation – Installation of measurement and control systems such as automatic measurement and weight check systems for pallet – Acquire mobile devices for scanning applications – Commence operations of the new warehouse premises – Working capital for the initial operation of new warehouse premises	The Group is in the course of identifying suitable warehouse premises. Due to the Group's specific requirements on the warehouse premises and the property market condition of Hong Kong, the Group has taken more time to identify suitable premises for rental on terms acceptable to the Group

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2020 as stated in the Prospectus	Actual business progress up to 31 March 2020
Upgrading existing facilities and acquiring additional trucks and equipment	– Acquire two additional 5.5 ton trucks, three additional 9 ton trucks and ten additional 16 ton trucks	The Group has acquired five additional 16 ton trucks. Subsequent to 31 March 2020, the Group has acquired five additional 16 ton trucks
	– Upgrade other existing facilities in the Group's warehouses and offices, such as shelving and racking, CCTV surveillance and fire equipment and RFID applications	The Group has upgraded the CCTV surveillance equipment and security system of the warehouses
	– Install two automatic measurement and weight check systems for cargo pallets in cargo receiving areas in the existing warehouses	The Group has installed one unit of automatic measurement and weight check system
	– Install security X-ray inspection systems for cargo pallets to applicable standard of the Transportation Security Administration of the United States for cargo screening process areas in the existing warehouses	The Group has installed three units of X-ray machines to upgrade the air cargo security screening facilities. Subsequent to 31 March 2020, the Group made deposit payment for purchase of two additional units of X-ray machines
	– Maintenance for the upgraded and new facilities or other existing facilities	A portion of the net proceeds were used to maintain the upgraded and new facilities or other existing facilities but not fully utilised due to delay in the schedule as discussed above

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2020 as stated in the Prospectus	Actual business progress up to 31 March 2020
Implementing new information technology system	– Plan for upgrading the existing warehouse management system and accounting system – Implement and evaluate the performance of the upgraded warehouse management system and accounting system	Phase II of the upgraded system has been completed. The Group is working with its information technology consultants to integrate the traffic management system and the warehouse management system and is expected to go live in the first quarter of year 2021. As the implementation of the upgraded systems involve the integration and modification of a few systems together, such system enhancement has taken longer time than expected
	– Recruit two experienced personnel responsible for the planning and implementation of the information system upgrade and maintain the cost of additional personnel for information system upgrade	The Group has recruited one experienced personnel responsible for the information system upgrade
	– Upgrade the existing hardwares, acquiring new computer facilities, implementing and engage specialised service providers to develop the new human resources management system – Implement and evaluate the performance of the new human resources management system	The Group is working with its information technology consultant to study the hardwares and computer facilities upgrade. The new human resources management system is expected to go live in the first quarter of year 2021

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$92.8 million. After the listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the listing as at 31 March 2020 is set out below:

	Planned use of net proceeds up to 31 March 2020	**Actual use of net proceeds up to 31 March 2020**	**Unutilised use of net proceeds up to 31 March 2020**
	HK$ million	*HK$ million*	*HK$ million*
Setting up of new warehouse premises	35.2	–	35.2
Upgrading on existing facilities and acquisition of additional trucks and equipment	35.2	14.1	21.1
New information technology system	13.9	2.1	11.8
General working capital	5.5	5.5	–
	89.8	21.7	68.1

For the setting up of new warehouse premises, the Group is in the course of identifying suitable warehouse premises. Due to the Group's specific requirements on the warehouse premises and the property market condition of Hong Kong, the Group has taken more time to identify suitable premise for rental on terms acceptable to the Group.

For the upgrading on existing facilities and acquisition of additional trucks and equipment, the Group is in the course of upgrading the existing facilities of warehouse as mentioned above. Due to the trade tensions between the United States and China and outbreak of COVID-19, the overall cargo volume processed decreased. The Group considers to utilise this unused proceeds according to the needs of the current business operation of the Group.

The remaining unutilised net proceeds as at 31 March 2020 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the Prospectus. The Directors will review the Group's business strategies and specific needs from time to time, and the Company will make further announcement if there are any changes on the use of net proceeds as and when appropriate. Such amounts are expected to be fully utilised within 2 years.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transaction by the Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the FY2020.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. During the FY2020, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the FY2020.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 21 February 2018. The chairman of the Audit Committee is Mr. Kwan Ngai Kit, the independent non-executive Director, and other members included Mr. Ho Chun Chung Patrick and Mr. Iu Tak Meng Teddy, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the FY2020 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the FY2020. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the FY2020 and the final results announcement of the Group for the FY2020.

EVENTS AFTER THE REPORTING PERIOD

Since the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by the COVID-19 outbreak and will continue to evaluate its impact on the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group.

Saved as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2020 and up to date of this announcement.

APPRECIATION

Mr. Law Kwok Leung Alex, the chairman of the Board, would like to take this opportunity to express his heartfelt thanks to the members of the Board and all the staff of the Group for their effective work and strenuous efforts. As in the past, the Company will strive to reward all its shareholders for their unwavering support.

By order of the Board
A & S Group (Holdings) Limited
Law Kwok Leung Alex
Chairman and Executive Director

Hong Kong, 23 June 2020

As at the date of this announcement, the Board comprises Mr. Law Kwok Leung Alex, Mr. Law Kwok Ho Simon and Mr. Chiu Tat Ting Albert as executive Directors; and Mr. Iu Tak Meng Teddy, Mr. Kwan Ngai Kit and Mr. Ho Chun Chung Patrick as independent non-executive Directors.